

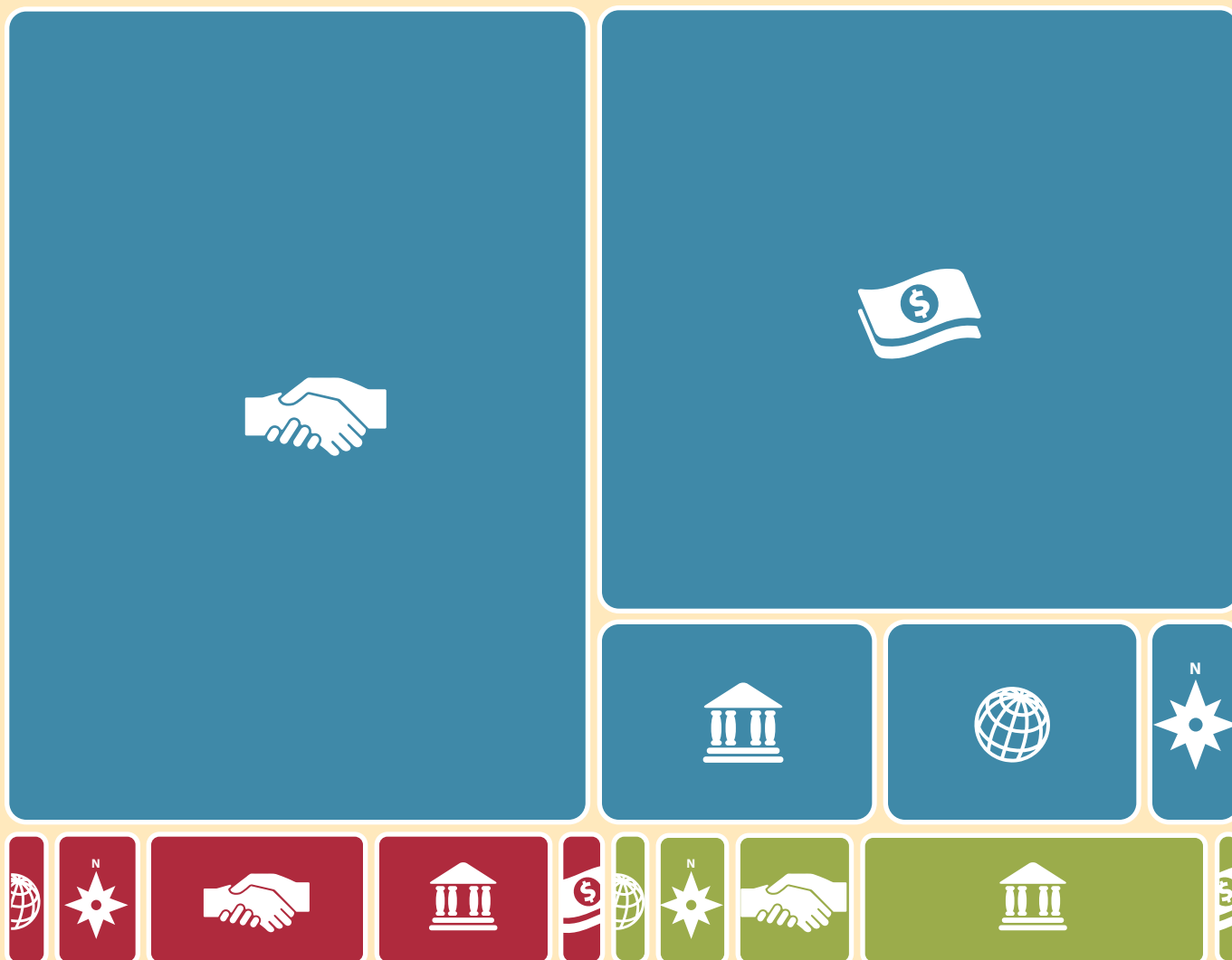


MARYLAND DEPARTMENT OF
BUSINESS AND ECONOMIC
DEVELOPMENT ANNUAL REPORT
2013

World Trade Center Baltimore, home to Maryland Department of Business & Economic Development

A Small Business Focus | 1,897 Economic development successes

Small businesses accounted for **1,647** of those successes or nearly **87** percent.



SMALL BUSINESSES
fewer than 25 employees

MEDIUM BUSINESSES
25-100 employees

LARGE BUSINESSES
more than 100 employees



Issues Resolved: DBED's team connects businesses to potential vendors and customers, helps companies obtain permits at other state agencies, supplies market information and provides other general and specialized assistance.



Financial Assistance: DBED offers companies investment capital, loans, loan guarantees, grants and help obtaining outside financing.



Tax Credits: DBED spurs business growth and investment through the Biotechnology Investment Incentive Tax Credit, Job Creation Tax Credit, Research and Development Tax Credit and other programs.



Export Assistance: DBED's ExportMD program and other international efforts boost the global presence of Maryland businesses.



Facility Location: DBED helps in and out-of-state companies find locations to start and grow in Maryland.

Message from the Governor



Dear Friends:

I am pleased to present the 2013 Annual Report of the Maryland Department of Business and Economic Development. This report showcases the wide range of State programs and projects that spur growth of Maryland's economy, small businesses and high-tech sectors.

In Maryland, we are making better choices that yield better results — more jobs, more opportunities and a stronger middle class. In the past year, we made the first investments through InvestMaryland, the largest venture capital program in our State's history to support entrepreneurs and startup companies. We created and expanded targeted tax credits to support cybersecurity and biotechnology companies, research and development firms, the film industry and even Maryland wineries. With the help of the General Assembly, we invested in our workforce through Maryland Employment Advancement Right Now, an initiative that brings the public and private sectors together to make sure Marylanders have the 21st Century skills to work in healthcare, cybersecurity, manufacturing and other fast-changing industries.

For the second year in a row, the U.S. Chamber of Commerce ranked Maryland #1 in the country for innovation and entrepreneurship. That is no accident. Our State is a hub of innovation and discovery and, more than ever before, we are committed to fostering the growth of the future leaders of Maryland's economy in life sciences, cybersecurity, information technology and aerospace.

Thank you for joining me in this most essential endeavor.

Sincerely,

A handwritten signature in black ink, reading "Martin O'Malley". The signature is stylized and fluid.

Martin O'Malley
Governor

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Maryland Department of Business & Economic Development

World Trade Center

401 East Pratt Street, Baltimore, MD 21202

www.ChooseMaryland.org

1.888.ChooseMD

Dominick E. Murray, Secretary

Robert L. Walker, Deputy Secretary

Small Business Highlights

"Our progress as a state depends on the prosperity of our small businesses." – Governor O'Malley



InvestMaryland Implementation

InvestMaryland, the largest venture capital initiative in the State's history, took flight last year. After appointing the Maryland Venture Fund Authority to oversee the undertaking, raising \$84 million in capital and laying the foundation of the program in the year prior, DBED made the first investments in late 2012. Nine companies received investments and five private venture fund partners were chosen, the first of many beneficiaries of InvestMaryland to come. The program also sparked the creation of the State's national business competition, the InvestMaryland Challenge. For more, see Pages 4 and 5.

Fund Spurs Small, Minority and Women-Owned Business Lending

Anne Arundel Economic Development Corp., Maryland Capital Enterprises Inc. and Meridian Management Group Inc. began making small business loans across Maryland from the new Small, Minority and Women-Owned Business Loan Fund. The three managers were allocated \$7.86 million total under the program in May. The fund will grow as it receives 1.5 percent of the video lottery terminal revenue from Maryland casinos.

State Launches Online Business Registration Portal

Maryland's first online business registration system, the Central Business Licensing System (CBL) allows business owners to register new businesses and tax accounts through a single website: easy.maryland.gov. The CBL has reduced the time it takes to register a business by more than 90 percent, from up to 10 weeks under the old system, to just a matter of days. The time- and paper-saving system is accessible 24/7.

Small Business Commission Completes Strategic Action Plan

DBED's support of small businesses is informed by the input and advice of the Governor's Commission on Small Business. The Commission completed a strategic action plan in 2013 to advocate for increased access to capital, regulatory reforms, greater public sector procurement opportunities, workforce development initiatives and more responsive customer service from State agencies.

Small Business Campaign Supports Local Companies

DBED launched an advertising campaign in May to highlight small, consumer-focused businesses and encourage Marylanders to support them. Part of DBED's long-running Maryland of Opportunity campaign, the advertising was a mix of broadcast, radio, print and digital. WJZ-TV, CBS Radio and *The (Baltimore) Sun* matched the State's ad buy 3:1.

Film Productions Generate Big Bump for Small Businesses

House of Cards, the critically acclaimed, groundbreaking Netflix series returned to Maryland to shoot Season Two. Season One generated \$140 million in spending, 2,200 jobs and business for 1,800 Maryland companies. Season One of the HBO series *Veep* led to the hiring of 978 Maryland crew, actors and extras and patronized 1,141 Maryland businesses. Season Two began shooting in Maryland in December 2012. Shot in Ocean City, independent film *Better Living Through Chemistry* touched 570 Maryland businesses.

New Cybersecurity Tax Credit Promotes Private Investment

Created in early 2013, the \$3 million Cybersecurity Investment Incentive Tax Credit program will provide refundable tax credits to Maryland cybersecurity companies that secure outside investment. The program supports the creation of cybersecurity companies and helps them expand, create jobs and retain intellectual property in Maryland.

Wineries Get Economic Boost

A new income tax credit for qualified expenditures by grape growers and wine producers will boost Maryland's burgeoning wine industry. Administered by DBED, the legislation will support new vintners in the capital-intensive early years of wine production and help Maryland's existing wineries grow.

Message from the Secretary



Small businesses are the engine that drives Maryland's economy. They hold vast potential to innovate, develop new technologies and products and grow and create jobs and opportunities for all Marylanders.

This past year, we put in place a pipeline of capital that supports promising, high-tech startups through their often challenging early stages. Through the Maryland Innovation Initiative, we are making small commercialization grants to researchers developing promising technologies in university labs. And through InvestMaryland, the largest venture capital program in the State's history, we are making investments in promising start-up companies and forging partnerships with private venture investors using \$84 million raised in 2012.

The Department organized a trade mission, led by Governor O'Malley, to Israel and Jordan that strengthened ties between the business, academic and medical communities in Maryland and the Middle East. The trip resulted in at least four Israeli high-tech companies opening offices in Maryland and the founding of a program that will support Maryland-Israeli research collaborations in cybersecurity and the life sciences.

At home, the Department made starting a business simpler. As part of the Maryland Made Easy effort, the State launched an online portal that allows business owners to register new companies and tax accounts. The Central Business Licensing System cuts the time it takes to register

a business to less than seven days, down 90 percent from the 10 weeks it used to take.

Under Governor O'Malley's leadership, the Department worked with the General Assembly to expand tax credits for life sciences, cybersecurity, research and development, wineries and film production. Those are among our most important tools as we foster the growth of high-tech sectors, promote Maryland's rich cultural heritage and support the small businesses in tourism, the arts and agriculture. The Department also held the "Star-Spangled Sailabration." The opening act in Maryland's commemoration of the War of 1812 saw the Blue Angels, 40 tall ships and more than 1.5 million visitors descend on Baltimore for the weeklong event.

We have many more events, investments and programs like these in store. We will continue to embrace our rich history and vibrant culture, invest in the industries and companies of the future, expand Maryland's role in the Innovation Economy and support the small businesses that make our State so strong and our future so bright.

I want to thank the Department's dedicated employees for working hard to reach these goals, and also our outstanding business community for their support and guidance as we continue to move Maryland forward.

Sincerely,


Dominick E. Murray
Secretary

Boards and Commissions

Federal Facilities Advisory Board

Chair, Kevin F. Kelly

Governor's Commission on Small Business

Chair, Ackneil M. Muldrow II

Governor's International Advisory Council

Chair, Harold L. Adams

Maryland Advisory Commission on Manufacturing Competitiveness

Chair, Jeff Fuchs

Maryland Economic Development Commission

Chair, Steve Dubin

Maryland Life Sciences Advisory Board

Chair, Rachel King

Maryland Commission on Public Art

Chair, Catherine Sharp Leggett

Maryland State Arts Council

Chair, Barbara Bershon

Maryland Tourism Development Board

Chair, Greg Shockley

Maryland Venture Fund Authority

Chair, Peter S. Greenleaf

Maryland War of 1812 Bicentennial Commission

Chair, Raymond A. "Chip" Mason

Maryland Venture Fund

BY THE NUMBERS

- ▶ created in 1996 | seeded with \$25M
- ▶ \$45M in investments in 109 companies
- ▶ \$68M in returns

MARYLAND VENTURE FUND INVESTS DIRECTLY IN TECHNOLOGY AND LIFE SCIENCES COMPANIES AND INDIRECTLY IN VENTURE CAPITAL FUNDS.

\$84M

INVESTMARYLAND was created in 2011 to inject venture capital into Maryland's expanding high-tech entrepreneurial community. Through an innovative tax credit auction, \$84 million was raised in March 2012.

PRIVATE VENTURE FIRMS FY2013

With \$56 million allocated to private venture funds, MVF has invested in 5 firms selected by the Maryland Venture Fund Authority with commitments totaling \$31 million. As the program moves ahead, additional firms will be selected to increase the number of venture firms active in the State. All of the principal and 80 percent of the profits from the venture funds are returned to the General Fund.

\$56M

DIRECT INVESTMENTS FY2013

MVF stepped up the pace of investment in 2013 deploying its first tranche of InvestMaryland funding to make direct investments in early-stage Maryland companies across a broad range of industry sectors. As an evergreen fund, all proceeds made from successful investments are recycled by MVF for reinvestment into other early-stage businesses in Maryland.

\$28M*

\$12M

GROTECH VENTURES

Digital and social media, healthcare IT, and communications technology and software security and storage

BRAINSCOPE

\$250,000
Neurotechnology

bambeco

\$800,000
e-Commerce

MAXTENA

\$4,000,000
Communications Equipment

\$8M

NAV
NEW ATLANTIC VENTURES

Mobile, e-commerce, advertising, cybersecurity, healthcare and online education technology

Zenōss

\$148,789
Enterprise Software

3CLogic

\$390,000
Call Center IT

Adlyfe

\$300,000
Life Sciences

\$5M

Kinetic Ventures

Information technology, power and clean technology, communications

Cytomedix

\$400,000
Regenerative Medicine

CALVERT
Education Services, LLC

\$400,000
Education Services

ZEROCHROMA

\$499,000
Mobile Electronics Products

\$3M

New Markets VENTURE PARTNERS

Education, information technology and business services

\$3M

CORE
CAPITAL PARTNERS

Information technology, digital media, technology-enabled services and communications

*\$21 MILLION allocated to Maryland Venture Fund / \$7 MILLION to Maryland Small Business Development Financing Authority

INVESTMENT EXPERTISE

Veteran investor Thomas Dann was brought on board in July 2012 to head the Maryland Venture Fund and implement the InvestMaryland program. Since his hire, the MVF team has added expert investors with experience in life sciences and information technology, two areas of particular focus for the highly successful, 17-year-old fund.

STATE SMALL BUSINESS CREDIT INITIATIVE

In 2011 the Small Business Credit Initiative (SSBCI) provided \$23 million in federal funding to help Maryland small businesses expand and create jobs. MVF plays an integral role by investing those funds into Maryland's most innovative businesses. Investments made using SSBCI funds are required to be matched with private dollars, which enhances the positive impact of this important program.

PANEL HOSTS ENTREPRENEURS

The Maryland Venture Fund hosted entrepreneurs on the University of Maryland, Baltimore County campus on June 3 for a pair of panel discussions on early-stage growth strategies and intellectual property and patents. The event was part of the Fund's effort to offer resources to startups beyond capital investment.

WEBINAR REACHES ACROSS COUNTRY

On January 16, DBED partnered with Startup Maryland and Startup America to conduct a webinar outlining the success and progress of InvestMaryland. The webinar was viewed by startup advocates, entrepreneurs and economic development officials across the country.

INVESTMARYLAND CHALLENGE

The InvestMaryland Challenge was created to showcase Maryland's expanding entrepreneurial community, connect young companies to capital and resources in the state and market Maryland as a hub of startup activity. The national business competition awarded three \$100,000 grants to the winners of the IT, Life Sciences and General Industry divisions as well as other prizes worth a total of \$125,000.

TIMELINE 2012-2013

- Sept. 24** Challenge launched by Governor O'Malley
- Dec. 13** 259 applications received from 11 states
- Feb. 13** 71 companies advance to Round 2
- Feb. 27** 33 companies advance to interviews with judges
- April 1** 9 finalists named
- April 15** Grand Prize winners announced, along with 37 other awards



“Tonight we’re fulfilling the need we saw to connect our entrepreneurs with the resources and the experts that turn great ideas into reality.”

Dominick E. Murray

Secretary, Maryland
Department of Business &
Economic Development

*InvestMaryland Challenge Finale
Awards Reception | April 15, 2013
Maryland Institute College of Art's
Brown Center*

2013 \$100K CHALLENGE WINNERS



“Long after the prize money is gone we will be grateful for what we gained as a business from the process of this experience.”

– Scott Holland, CEO, i-lighting, LLC

BY THE NUMBERS

- ▶ **\$425,000** in awards | **43** individual prizes
- ▶ **65** judges | **38** sponsors, partners and investors
- ▶ **2M** advertising impressions

Business & Enterprise Development

BY THE NUMBERS FACILITY LOCATION DECISIONS

- ▶ **70 projects** | **8,332 total jobs**
- ▶ **4,888 jobs retained** | **3,444 jobs created**
- ▶ **\$5.5M in capital expenditures**

Supporting Maryland Businesses

SIX ENTERPRISE ZONES APPROVED FOR DESIGNATION, RE-DESIGNATION OR EXPANSION

DBED approved the designation, re-designation or expansion of six Enterprise Zones around Maryland, enabling the jurisdictions to provide businesses in the zones income tax and property tax credits to help create and retain jobs. The zones include Salisbury-Wicomico Enterprise Zone; Allegany County-City of Cumberland; Hagerstown-Washington County; Pocomoke-Worcester County; Snow Hill-Worcester County; and Baltimore City. State Department of Assessment and Taxation data shows businesses in the State's 30 Enterprise Zones will receive property tax credits totaling \$35.4 million in FY 2013. This has contributed to \$2.98 billion in real property investments over the past 10 years.

OFFSHORE WIND ENERGY ACT PASSES

The new Offshore Wind Energy legislation provides for an application and review process for proposed qualified offshore wind projects and establishes the Maryland Offshore Wind Business Development Fund to provide financial assistance, business development assistance and employee training opportunities. Maryland's proposed 200-megawatt offshore project could create nearly 850 manufacturing and construction jobs for five years and 160 supply and maintenance jobs on an ongoing basis thereafter.

CONTRACT CONNECTIONS LINKS MARYLAND'S SMALL BUSINESS OWNERS WITH FEDERAL \$\$

Contract Connections brought 11 federal agencies, SAIC, Northrop Grumman and ManTech together for a day-long conference to present their procurement opportunities to 250 Maryland small businesses. Companies also participated in a match-making session where they presented their capabilities to the federal agencies' purchasing officers.

FEDERAL FACILITIES ADVISORY BOARD RELEASES STRATEGIC PLAN

The Federal Facilities Advisory Board released a strategic plan in February that outlines more than two dozen ways the State could better leverage federal assets to drive

Cybersecurity Assets Expand



CYBERMARYLAND CONFERENCE

Maryland hosted CyberMaryland 2012, a conference and event designed to showcase industry innovations, recognize cyber pioneers, groom the next generation of cyber experts and further demonstrate the State's reputation as the nation's epicenter for information security innovation and excellence.

CYBERSECURITY TAX CREDIT APPROVED

The new \$3 million Cybersecurity Investment Incentive Tax Credit program will help expand cybersecurity companies, create jobs and retain intellectual property in Maryland.

The Research and Development Tax Credit was expanded in 2013 to make the credits refundable and raise the annual cap to \$8 million, a \$2 million increase. Created in 2000, the R&D Tax Credit encourages companies in high-growth industries to keep high-paying jobs in Maryland.

innovation and create jobs in Maryland. The plan covers six broad priorities — aligning state resources with federal priorities; promoting cybersecurity business and innovation growth; positioning federal contractors for sustainability and growth; expediting infrastructure improvements that impact federal facilities; developing a pipeline of highly qualified workers to fill the federal workforce; and deploying technology transfer and commercialization resources to accelerate innovation and entrepreneurship.

Expanding Maryland Businesses

U.S. TREASURY SECRETARY JACOB LEW TOURS M. LUIS CONSTRUCTION

M. Luis Construction, a minority- and women-owned road construction company, benefitted from a \$2.5 million MIDFA Loan Guaranty made possible by the State Small Business Credit Initiative (SSBCI) to expand operations and hire additional workers. In conjunction with National Small Business Week, U.S. Treasury Secretary Jacob J. Lew toured M. Luis Construction's asphalt manufacturing plant in Rockville to recognize the critical contributions of small business owners and entrepreneurs to the nation's economy.

ACCUVANT EXPANDS OPERATIONS, PLANS 180 JOBS

A \$300,000 Maryland Economic Development Assistance Fund Conditional Loan is part of cyber powerhouse Accuvant's plan to expand and relocate its operations to Howard County. All of the 70 employees in Accuvant's current Maryland office will relocate to the new site, and the company is expected to add 180 additional new jobs in Howard County over the next two years.

NATIONAL CYBERSECURITY CENTER OF EXCELLENCE EXPANDS

The National Institute of Standards and Technology, Maryland and Montgomery County launched the National Cybersecurity Center of Excellence in an effort to bring

FLIR SYSTEMS DOUBLES SPACE IN HOWARD COUNTY

Infrared imaging company FLIR Systems, Inc. is more than doubling its space by moving its engineering and manufacturing facility to Elkridge. The new 80,000 sq. ft. facility will house the design and development of the company's protection and surveillance systems and will have space to accommodate future growth. About 70 employees, consultants and subcontractors work at the Elkridge building. DBED provided information and assistance as the company planned its expansion.

EVOLVE COMPOSITES ADDING JOBS

Evolve Composites USA, a manufacturer of reinforced concrete bricks and pavers made from recycled materials, is thriving in Hancock following a DBED-assisted move to the city. The company hit its initial staffing goal of 60 employees and plans to add 25 more by 2014. Headquartered in Columbia, Evolve moved its manufacturing operations to Hancock in January 2012. DBED provided the town \$600,000 in CDBG funds to renovate Evolve's 110,000 sq. ft. building.

innovators from government, academia and the private sector together to develop and implement cutting edge cybersecurity solutions. In April, leading cybersecurity companies Cisco, HyTrust, Intel, McAfee, RSA and Splunk joined the Center.

UMBC CYBER INCUBATOR EXPANSION

The new Cyber Academy at the UMBC Training Centers ties together the centers' existing cybersecurity classes with innovative, specialized courses to prepare individuals for entry-level technology jobs at cybersecurity firms. The Academy will feed the growing demand for highly trained cybersecurity professionals among the private and federal cybersecurity firms clustered between Baltimore and Washington, D.C.



Business & Enterprise Development



Investing in Maryland Businesses

KRAFT FOODS INCREASING PRODUCTION

A \$150,000 MEDAAF Conditional Loan to Kraft Foods will increase production capacity at its 111,143 sq. ft. facility in Caroline County by upgrading the company's manufacturing process with new equipment and making improvements to existing equipment. Kraft will invest at least \$3 million and the project will create and retain at least 112 jobs.

REDEVELOPMENT PROJECT TO ENRICH STATION NORTH ARTS DISTRICT

Jubilee Baltimore's redevelopment of a large, vacant building into a thriving center for the arts was awarded a \$250,000 MEDAAF Arts & Entertainment Conditional Grant in June. The mixed-use center will include 25,000 sq. ft. of University programs (film, gaming and the arts), a 30,000 sq. ft. design and arts incubator and two 5,000 sq. ft. restaurants on the ground floor. The project in Station North will create up to 150 construction jobs and 175 permanent jobs over the next three years.

SEAWALL DEVELOPMENT PROJECT ENHANCES AREA, CREATES JOBS

DBED awarded Seawall Development a \$100,000 MEDAAF Brownfield Conditional Grant to support the rehabilitation and revitalization of 2600 N. Howard Street in Baltimore's Remington neighborhood. The project will create 75 jobs over two years and, when completed, include 14,000 sq. ft. of office space, a restaurant and old world butcher shop and space for Young Audiences of Maryland, a state-of-the-art community theater run by Baltimore's Single Carrot Theatre Company.

BY THE NUMBERS

ISSUES RESOLVED

- ▶ 814 issues resolved | 2,188 total jobs
- ▶ 843 jobs retained | 1,345 jobs created
- ▶ \$140.3M in capital expenditures

\$502,000 GRANT FOR PRINCESS ANNE'S FACELIFT

The State awarded a \$502,000 CDBG Conditional Grant to the Town of Princess Anne to assist with the rehabilitation of the Washington Hotel. Over the next three years, the project will create 15 to 20 full-time jobs that will be retained for at least the next 12 years. The revitalization initiative is part of a broad effort to support the restoration and conversion of Princess Anne's historic downtown and central business district into a stable and active tourism and commercial center.

MIDFA GUARANTEE SUPPORTS CYBER STARTUP

Working closely with the Anne Arundel Economic Development Corporation, DBED provided a \$50,000 MIDFA Loan Guaranty to Practical Intelligence, a minority- and women-owned firm specializing in information security, systems engineering, risk and program mission management. The guarantee helped the company obtain capital to start the Gambrills company, which is working on a Defense Information Agency cybersecurity contract with Agilex, an IT firm.

International Investment & Trade

Business & Enterprise Development

BY THE NUMBERS

- ▶ **2012 exports \$11.7B**
- ▶ **7,400 exporters | 89% small businesses**
- ▶ **Port of Baltimore* 36.8M tons of cargo**

*CY2012

“There’s no other area in the country that is better suited, better qualified or has access to stronger resources than we do here in Maryland.”

– Carl Livesay, Chairman, Maryland-Washington D.C. District Export Council



PORT OF BALTIMORE #1

In 2012, the Port of Baltimore handled 652,000 cars and more than 1 million tons of farm and construction machinery, topping the country in both categories. The Port also ranked #1 out of 360 U.S. ports for imported forest products, sugar, aluminum and gypsum. New, supersized cranes installed in May and a 50-foot berth makes Baltimore one of only two East Coast ports able to accommodate the largest cargo ships in the world.

ISRAEL MISSION LAUNCHES PARTNERSHIP

An eight-day trade mission to Israel and Jordan resulted in the launch of the Maryland/Israel Development Partnership to fund research and development collaborations between Maryland and Israeli companies working in the cybersecurity and life sciences sectors. Through the Maryland Venture Fund, DBED will fund up to half of the research costs of the Maryland companies, with a cap of \$400,000 per project.

MARYLAND, CALAIS TO INCREASE TRADE

During an economic development mission to France and Ireland in June, DBED and France's Calais region agreed to increase trade, particularly in automobiles. The agreement also identified areas for potential further collaboration, including tourism, culture and history and student exchanges between academic institutions.

DBED OPENS THREE FOREIGN OFFICES

DBED established three new foreign trade offices in 2013 in the large and fast-growing markets of Brazil, Nigeria and the United Arab Emirates. DBED has nine other foreign offices and most international representatives are compensated only for efforts that yield investment in the State or support Maryland exporters.

CELEBRATING MARYLAND'S EXPORTS

DBED cosponsored “Celebration of International Trade” with the Maryland-Washington D.C. District Export Council. More than 325 people received training on export trade finance, logistics and other topics to help them test products in the international marketplace.

INFOSYS OPENS U.S. HEADQUARTERS

InfoSys Public Services, a U.S. subsidiary of an Indian information technology giant, opened its U.S. headquarters and flagship software development center in Rockville with 150 software engineers in early 2013. Governor Martin O'Malley met with the parent company during a DBED-led economic development mission to India in 2011. The company was drawn to Maryland's strong talent pool, reliable pipeline of future employees graduating from the State's universities and proximity to the federal government.

STATE EXPORT ASSISTANCE PROGRAM DOUBLES REIMBURSEMENT

DBED's ExportMD grants were doubled in 2013, making Maryland companies eligible for \$10,000 and 40 hours of one-on-one assistance to support international marketing efforts and attend overseas trade shows. Last year, ExportMD supported companies' trips to the Paris Air Show; MEDICA, the world's largest medical device and technology show in Dusseldorf, Germany; and Arab Health in Dubai. The increase to ExportMD was fueled by a \$650,000 grant from the U.S. Small Business Administration.

BioMaryland Center

EIGHT LIFE SCIENCES COMPANIES AWARDED \$1.4 MILLION TO ACCELERATE LIFE-SAVING TECHNOLOGIES

The BioMaryland Center awarded nearly \$1.4 million to eight innovative life sciences companies through its Biotechnology Development Awards program during FY13. The companies, which received up to \$200,000 each, will use the funding to accelerate the commercialization of life-changing technologies.

Companies receiving awards this round include:

- **Adlyfe** (Rockville) – Developing ocular imaging technologies for the early detection of Alzheimer's disease.
- **Animalgesic Labs** (Baltimore) – Manufacturing pain medication for mice, the first to be authorized by the Food and Drug Administration.
- **BioAssay Works** (Ijamsville) – Working with the University of Maryland to develop a rapid test for the detection of Staphylococcus Aureus, a difficult to treat biofilm infection.
- **Cardiosolv** (Baltimore) – Spun out of Johns Hopkins University to develop software to deliver more precise treatment for tachycardia patients.
- **CrispTek** (Columbia) – Developing and marketing new certified gluten-and allergen-free food products with technology licensed from the U.S. Department of Agriculture.
- **Opticul Diagnostics** (Rockville) – Diagnostics device company using technology from Israel targeting easy, low-cost clinical laboratory bacteria detection without the use of reagents.
- **Remedium Technologies** (College Park) – Working to advance Hemogrip™, a proprietary, lifesaving technology that rapidly stops traumatic bleeding.
- **SAJE Pharma** (Baltimore) – Developing a novel compound for the treatment of pulmonary fibrosis.

BY THE NUMBERS

- ▶ **Biotech Tax Credit since 2007**
- ▶ **\$47.3M in credits benefiting 62 companies**
- ▶ **more than \$95M in private capital leveraged**



"It is critical that we continue to invest in the life sciences, not only so that we can continue to develop life-saving treatments and devices, but also so that we can create the companies and jobs of tomorrow."

– Rachel King, Chair, LSAB

RACHEL KING NAMED CHAIR OF THE MARYLAND LIFE SCIENCES ADVISORY BOARD

Rachel King, CEO of GlycoMimetics and incoming chair of BIO International, is the new Chair of the Maryland Life Sciences Advisory Board (LSAB), replacing H. Thomas Watkins, former President and Chief Executive Officer of Human Genome Sciences, Inc. Before cofounding GlycoMimetics, King was an Executive in Residence at New Enterprise Associates, one of the nation's leading venture capital firms.

2013 BIOMARYLAND LIFE PRIZE HONORS UNIVERSITY RESEARCH FACULTY

During the annual BioMaryland LIFE (Leading Innovative Faculty Entrepreneurs) Prizes event, \$50,000 grants were awarded to University of Maryland Dental School's Dr. Mark Shirtliff and to Johns Hopkins Professor Dr. John Wong. The grants will help Dr. Shirtliff to further develop a protective vaccine against Staphylococcus Aureus and Dr. Wong to develop technology that will aid in the safer delivery of radiation therapy.

"These translational research projects not only offer the promise of improved outcomes for patient health, but also provide the seeds of future company creation."

**– Dr. Judith Britz, Executive Director
BioMaryland Center**



BIO INTERNATIONAL PANEL HIGHLIGHTS TRAUMATIC BRAIN INJURY

Lt. Governor Anthony Brown led the BioMaryland delegation of life sciences industry executives, academic leaders and economic development officials to the BIO International Convention in Chicago, an event that attracted 14,000 participants from all over the world.

The BioMaryland Center organized a special program during which Lt. Governor Brown, an Iraq War veteran, spoke of Maryland's leadership in traumatic brain injury (TBI) prevention, diagnosis and treatment of soldiers, amateur and professional sports players, as well as accident victims. CEOs from companies developing products to address TBI and from the University of Maryland's Shock Trauma Center and Johns Hopkins University School of Medicine participated in three different panels.

RESEARCH DATABASES PROVIDE VITAL MARKET INFORMATION

In both the Baltimore and Rockville offices, the BioMaryland Center provides free access to market research databases for Maryland life sciences entrepreneurs developing business plans. These databases include information regarding licensing opportunities, target markets, competition, valuation, FDA approval status, clinical trials and more.

BioMedTracker

Clinical trial information and analyst reviews—including overall likelihood of FDA approval – in a searchable database. Reports also include commercial potential for drugs with revenue projections for the United States, Europe and Japan.

Frost and Sullivan

Market assessment and competitive analysis of pharmaceuticals and biotechnology, drug discovery technologies, clinical diagnostics, healthcare IT, medical imaging and medical devices.

MedTrack

Pipeline, financial, competitive product, mechanism of action, sales, partnering and patent information which can be sorted by parameters such as disease, competitive products, or clinical trial stage. A list of leading venture finance rounds also is available.

Deloitte Recap

Information regarding alliance formation and lifecycle, deal valuations and contract analyses to assist with the development of partnering strategies and deal terms.

CENTER NEWS



NEW BIOMARYLAND DIRECTORY AVAILABLE

The new print version of the BioMaryland Center's online directory of the state's 500+ life sciences companies is a popular resource highlighting the breadth of technologies comprising the state's dynamic industry.

BMC SIGNS MOU WITH RUSSIA'S PUSHCHINO BIOTECH CLUSTER

The BioMaryland Center signed a Memorandum of Understanding with Russia's Pushchino BioTech Cluster, creating a strategic partnership aimed at increasing biotechnology business collaborations and research and development opportunities between the two regions.

NEW WEBSITE UNVEILED: BIO.MARYLAND.GOV

The expanded BioMaryland Center website, Bio.Maryland.gov, has easy-to-access information regarding funding, office and lab space, workforce, research, education, technology transfer, business development and other resources for life sciences companies in the state.

Marketing & Communications



MARKETING & COMMUNICATIONS REACHES 37 MILLION DECISION MAKERS

In 2013, Marketing & Communications launched the first ever InvestMaryland Challenge, promoted the CyberMaryland Conference, coordinated Contract Connections for Maryland's contracting community, participated in StartUp Maryland, promoted the state's venture and small business investments, reached more than 37 million business decision makers nationwide through advertising, earned a total of \$2.3 million in in-state and national public relations outreach and redoubled social media efforts. This strategic marketing program is supported by a research unit that provides up-to-date data and analytics for Maryland's economy.

BY THE NUMBERS

- ▶ advertising reach **37M**
- ▶ **\$500,000** leveraged ad dollars
- ▶ **\$2.3M** earned media dollars

MARYLAND SCIENCE CENTER GENERATES \$34M

The Maryland Science Center annually generates \$34 million in total spending for Maryland's economy, according to a DBED economic impact report. The Science Center – one of Baltimore Inner Harbor's original anchor attractions – also helps to create a total of 400 jobs, which includes 190 paid staff and 120 positions attributed to visitor services and capital improvements. Over the past five years, the Science Center has attracted more than two million visitors, averaged a yearly attendance of 459,850 and touched another 84,450 through outreach activities.

BUSINESS EVENTS HIGHLIGHTS

Promoting Maryland as a business location, DBED produced exhibits at 15 major tradeshow and events including the premiere cybersecurity conference RSA, the BIO International Convention, Renewable Energy World, Satellite, GEOINT, Maryland Municipal League, Maryland Association of Counties and dozens of small business events throughout the state.

RESEARCH PLAYS A ROLE IN DISASTER RESPONSE

Before, during and after Hurricane Sandy made landfall in October, DBED was part of a team coordinating response and recovery. To estimate the impact of Sandy on the state, DBED reviewed data on businesses located in the area impacted by the category 1 storm surge. This information was used in supporting Maryland's Disaster Declaration request to FEMA, a step necessary before the release of federal funds to businesses that have sustained storm damage.

INC. 500 BREAKFAST A STORY OF MARYLAND SUCCESSES

DBED hosted a breakfast event for 200 Maryland business executives in recognition of the Maryland companies that made *Inc.*'s 500 Fastest Growing list. Honorees presented their inspiring stories of how they started their businesses and reached success in Maryland.

ALLIES ATTEND CROSS TECH CYBER CONFERENCE

Some 200 cybersecurity executives from the United States, Canada and the United Kingdom gathered in Annapolis in mid-June for Cross Tech, a two-day conference at which attendees discussed cyber solutions and showcased collaborations in information assurance between the private and public sectors. Sessions included international cybersecurity experts. DBED organized one-on-one meetings between the foreign companies and Maryland's cyber experts.

ADVERTISING ALL ABOUT BUSINESS

DBED's advertising program promoted the state's resources for business, including the Central Business Licensing System, financing programs and the InvestMaryland Challenge. During the summer, DBED partnered with *The (Baltimore) Sun*, CBS Radio, WBAL-TV and WJZ on an advertising program to encourage Marylanders to support local businesses. A landing page was created for the campaign where featured companies provided their inspirational stories. All participating media outlets matched DBED's spend 3:1.



MDBIZ PROPERTIES DATABASE PASSES 2,000 ENTRIES

Launched in 2012, the MDbiz Properties database has been updated to include information on 2,135 properties available for sale or lease. The database is a web-based tool that markets available sites and buildings and provides community profile data in one convenient package. Communities throughout the state have adopted the database for their own websites, giving their available sites and buildings and their community data a prominent presence on the Web.



Web Visitors 1.4M

75,673 MDbiz News Readers

10,031 Twitter Followers

40,174 Pulse E-Newsletter Subscribers



DBED LEADS MARYLAND DELEGATION AT RSA

DBED and regional and county partners, academic institutions, federal agencies and private companies marketed the unique assets of Maryland, the epicenter of cybersecurity, to the more than 20,000 attendees and exhibitors at RSA 2013. Maryland cyber companies were invited to give presentations or demos of their products in the booth. NIST staff and SANs Institute thought leaders also drew attendees to the exhibit. DBED's participation in the evening floor reception drew significant crowds to the booth. Maryland startup Light Point Security competed in the show's high-visibility Innovation Sandbox.

Tourism, Film & The Arts

FREE MOBILE APP GUIDES CIVIL WAR TRAVELERS

As the 150th anniversary of the Battle of Antietam approached in mid-2012, the Maryland Office of Tourism introduced a Civil War Trail mobile app as a comprehensive travel-planning tool for consumers. Maryland became the first state to have a dedicated Civil War Trails mobile app.

TOURISM, SHA INTRODUCE NEW SCENIC BYWAYS GUIDES

The Maryland Office of Tourism and State Highway Administration released a map and 64-page guidebook to provide travelers information on Maryland's 18 scenic byways that stretch nearly 2,500 miles. Maryland's byways are driving tours and routes that reflect distinct themes, such as the Harriet Tubman Underground Railroad on the Eastern Shore, Religious Freedom Tour in Southern Maryland and Antietam Campaign in the Capital Region and Western Maryland.



INTERNATIONAL CONFERENCE BRINGS 1812 EXPERTS TO MARYLAND

In June, nearly 200 scholars and historians from around the globe gathered at the U.S. Naval Academy in Annapolis for a three-day conference called *From Enemies to Allies: An International Conference on the War of 1812 and its Aftermath*. Papers were presented that illustrate the significance of the war and the changes that influenced domestic and international affairs for the U.S., Canada and Great Britain.

26.4% increase in visitation to Maryland

SINCE 2007



TUBMAN WEEKEND FEATURES PARK GROUNDBREAKING

More than 200 guests and spectators witnessed the groundbreaking ceremony on the Eastern Shore for a 15,000 sq. ft. visitor center that will anchor the Harriet Tubman Underground Railroad State Park. The center will display exhibits that depict Tubman's efforts to secure freedom for those enslaved in the area during the years leading up to the Civil War. The groundbreaking coincided with the official opening of the Harriet Tubman Underground Railroad Byway, which stretches for 125 miles through Caroline and Dorchester counties.

ARTS COUNCIL ANNUAL REPORT WINS COMMUNICATIONS AWARD

The Association of Marketing and Communications Professionals named the Maryland State Arts Council's 2012 annual report as one of the winners of a gold MarCom Award. Winners were selected from 6,000 domestic and international entrants in 200 categories of awards for outstanding creative achievement.

STATE RECEIVES \$1 BILLION BOOST FROM NONPROFIT ARTS SECTOR

Maryland's nonprofit arts industry generated \$1 billion for the state's economy annually and supports more than 11,000 jobs, according to a Maryland State Arts Council (MSAC)

Sailabration Propels 'Record-Setting' Visitation in Baltimore

More than 1.5 million people came to Baltimore for Star-Spangled Sailabration in summer 2012 and generated a \$166 million economic impact for the state and local economies, according to a state-commissioned study. About 435,000 of the visitors were from outside the state.

The free, week-long maritime festival in and around Baltimore's Inner Harbor launched Maryland's three-year bicentennial commemoration of the War of 1812 and the writing of The Star-Spangled Banner. Forty-five tall ships and naval vessels participated in the event and the U.S. Navy Blue Angels headlined a festival air show.



“Our restaurants, hotels and attractions were packed to the brim.”

Don Fry

CEO, Greater Baltimore Committee and President Star-Spangled 200, Inc.

report released in December 2012. The report examined how the 244 organizations that receive MSAC grants spend their funding and how that spending rippled through Maryland's economy in FY2011.

1812 BOOK AMONG WINNERS OF PRESERVATION AWARDS

The Maryland Historical Trust selected *In Full Glory Reflected: Discovering the War of 1812 in the Chesapeake* as a recipient of its Maryland Preservation Excellence in Media and Publications Award for 2013. An illustrated historical narrative and travel guide, the book depicts the war along the Star-Spangled Banner National Historic Trail, which goes through Maryland, Virginia and the District of Columbia. The book also won an award from the Association of Partners for Public Lands, which recognizes *In Full Glory* as the top book with revenue exceeding \$1 million.



Tourism marketing delivers economic impact*

\$2M media budget
265,067 incremental trips generated
\$317M visitor spending
2,925 tourism jobs supported
\$44.4M state/local tax generated

*CY2012 Advertising and Marketing Research: Strategic Marketing and Research, Inc.

Maryland State Arts Council FY2011

\$1B total economic impact generated
7.9M attendance at arts events
11,434 arts industry FTE* jobs generated
\$7.8M state/local tax generated

*Full Time Equivalent



Americans for the Arts and the U.S. Conference of Mayors jointly named Governor Martin O'Malley as one of three recipients of a 2013 Public Leadership in the Arts Award.

Financial Overview

FY2013 Actual Expenditures

Office of the Secretary	\$ 3,829,724
Administration & Technology	4,431,932
Maryland Biotechnology Center	3,305,173
Biotechnology Investment Tax Credit	8,000,000
Maryland Venture Fund	
Operations & Administration	886,839
Venture Fund Investments	26,794,864
Total	<u>27,681,703</u>
Marketing and Communications	3,246,939
Business & Enterprise Development	
Operations & Administration	14,650,016
Financing & Training Programs:	27,844,833
Total	<u>42,494,849</u>
Tourism, Film & the Arts	
Administration & Programs	769,967
Tourism Development	12,729,719
Maryland State Arts Council	14,763,556
Total	<u>28,263,242</u>
DBED Total	\$121,253,562

Contract Awards and Procurement Activity

Contract Awards – Minority Business Enterprises (MBE)*

Total value of contracts awarded to MBEs	\$16,876,088
Total value of all contracts awarded	\$23,521,679
MBE awards as percent of all contract awards	71.8%

Procurement Activity – Small Business Reserve (SBR) Program**

Total procurement payments to SBR contractors	\$1,408,756
Total procurement payments	\$7,118,661
Payments to SBR contractors as percent of all payments	19.8%

Note: All procurement expenditures that are exempt from State reporting requirements are excluded from the above totals.

*Includes Women Business Enterprises (WBE)

**Preliminary results

Tax Credit Highlights

One Maryland (FY2013)

- 2 Certificates of Eligibility issued
- \$1.6 million in project/start-up costs
- 61 jobs created
- \$2.6 million payroll

Job Creation (FY2013)

- 11 Certificates of Eligibility issued to 8 companies
- 456 new jobs created
- \$35.5 million payroll

Research & Development (TY*2011)

- 181 businesses certified
- \$1.1 billion in R&D expenses
- \$6 million in credits awarded

Biotech Investment (FY2013)

- 23 QMBCs assisted
- 134 investor applications approved
- \$7.3 million in tax credits issued
- \$14.6 million leveraged

Enterprise Zone Program

- 30 Enterprise Zones
- 878 businesses to receive real property credits in FY2013
- \$1 million total income tax credits TY*2009
- \$37.6 million in business real property tax credits

*Tax Year

For complete program reports, visit ChooseMaryland.org

Financial Assistance Projects Approved FY2013

Five finance programs facilitated 110 projects, retained 7,146 jobs, created 2,662 new jobs and leveraged \$700 million in private capital investment.

	Projects	Loan/Grant Amount	Loan Guarantee Amount	Jobs Retained	Jobs Created	Total Project Costs
MEDAAF	36	\$19,616,373	n/a	6,262	1,834	\$291,289,954
MIDFA	6	\$24,345,417*	\$2,162,800	14	9	\$ 26,415,000
MSBDFA	33	\$10,292,000*	\$1,609,000	301	277	\$ 12,860,000
MVF	30	\$39,958,789	n/a	557	537	\$368,370,207
MPSDVLP	4	\$ 137,000	n/a	13	5	\$ 243,000

*Includes bond issuances and private sector loans

Additional Finance Programs:

Maryland State Arts Council Grants

- Individual Artists \$218,000
- Arts Organizations \$8,798,527
- County Arts Councils \$2,128,533

Community Development Block Grants

Provides funding to commercial and industrial economic development projects.

- 3 conditional grants totaling \$856,000 with Total Project Costs of \$860,000

MEDAAF – Maryland Economic Development Assistance Authority and Fund

MIDFA – Maryland Industrial Development Financing Authority

MSBDFA – Maryland Small Business Development Financing Authority

MVF – Maryland Venture Fund

MPSDVLP – Maryland Personnel and Service Disabled Veterans Loan Program

CDBG – Community Development Block Grant

QMBC – Qualified Maryland Biotechnology Companies

Moving Maryland's Economy Forward

\$7.86M SMALL, MINORITY AND WOMEN-OWNED BUSINESS LOAN FUND

DBED's new Small, Minority and Women-Owned Business Loan Fund will increase lending activity in FY2014, its first full year in operation. Three fund managers tapped by the Department and Board of Public Works will make loans to qualified businesses around the state, with a focus on the areas surrounding Maryland casinos. The fund will grow as loans are paid back and it receives 1.5 percent of video lottery terminal revenue. DBED and BPW will make new allocations to existing or new fund managers every year.

DBED AND EAGB ESTABLISH REGIONAL NETWORK

DBED and the Economic Alliance of Greater Baltimore have launched a new program – the State's first economic gardening initiative – called Advance Maryland, for growing Maryland companies that have moved beyond the startup stage. In contrast to traditional business assistance focused on finances, business plans and operational issues, Advance Maryland addresses strategic growth challenges, from developing new markets and refining business models, to gaining access to competitive intelligence.

HIGH-TECH ISRAELI COMPANIES CHOOSE MARYLAND

During an economic development mission to the Middle East, Governor Martin O'Malley capped a day of meetings with Jordanian entrepreneurs and medical and government officials in Israel by announcing four high-tech Israeli companies will be opening offices in Maryland. Shekel Scales, which builds precision scales for the retail and healthcare industry, opened its office in Owings Mills earlier

this year. Three additional companies will establish offices in Maryland in Fiscal Year 2014:

- Askimo – An online education startup with the world's largest video library of expert knowledge.
- Roboteam – Develops robots that collect tactical intelligence, dispose of explosives, conduct search and rescue operations and survey hazardous material spills.
- Hybrid Security – Developer of artificially intelligent cybersecurity solutions.

“We found Maryland very suitable for our needs and goals – the geographic location, the marketing and business opportunities there and especially the connections and help we are getting through the Maryland/Israel Development Center.”

– Askimo CEO David Butnaro

STAR-SPANGLED SPECTACULAR 2014

In 2014, Maryland will commemorate the 200th anniversary of the Battle of Baltimore and the writing of “The Star-Spangled Banner” with 10 days of battle reenactments, fireworks, an air show, parades and a maritime festival. The events, centered in Baltimore, will also feature the original manuscript penned by Francis Scott Key, whose

10,500 Jobs

FY2014 GOAL OF CREATION,
ATTRACTION, RETENTION & EXPANSION

EARN Targets Industry Specific Workforce Training



Maryland Employment Advancement Right Now (EARN) is a new collaborative, state-funded, competitive workforce development grant program designed to help businesses cultivate the skilled workforce they need to grow and compete. Flexible and innovative by design, EARN Maryland is industry-led and regional in focus with primary attention on four industry sectors: manufacturing, cybersecurity, construction and healthcare.

immortal words would eventually become our national anthem. The festivities kick off on Sept. 6 with the annual Defenders' Day event at North Point and conclude Sept. 16 with a televised event at Fort McHenry National Monument and Historic Shrine.

\$10M FOR BIOTECH TAX CREDIT IN FY2014 DRAWS MORE THAN 150 REGISTRATIONS

Maryland's highly successful Biotechnology Investment Incentive Tax Credit program was increased in April 2013 to \$10 million per year, up from \$8 million. Interested investors submitted more than 150 online registrations on the first day they were accepted for FY2014. The program provides tax credits to promote private investment in qualified Maryland biotechnology companies. Since it was first funded in FY2007, it has stimulated investment of more than \$95 million in 62 Maryland biotech companies.

DBED TO EXPAND ONLINE BUSINESS REGISTRATION

After launching Maryland's Central Business Licensing System (CBL) in January 2013, DBED began working to expand the State's first online business registration portal and further streamline and simplify the experience for businesses. The second phase of the CBL allows limited liability partnerships, non-stock corporations and foreign business entities to be registered online. The first phase of the CBL cut by 90 percent the time it takes to register a business in Maryland.

INVESTMARYLAND CHALLENGE 2014

The InvestMaryland Challenge, DBED's national business competition for high-tech startups, returned for a second year in summer 2013. More than 250 companies applied during the inaugural competition, with 10 percent coming from out of state. The goal this year is to top 300. Participants will get greater feedback from the judges and more networking opportunities. The original categories – IT Hardware/Software, Life Sciences and General Industry – are joined by Cybersecurity. Each winner will receive a \$100,000 grant from the Maryland Venture Fund or BioMaryland. Sponsors and partners will contribute cash and in-kind prizes. *Inc.* magazine has signed on again as an IMC national media sponsor.

250 facility location
opportunities generated

FY2014 GOAL

MARYLAND VIES FOR UAS TEST SITE

DBED is leading an effort to have a Maryland location designated by the Federal Aviation Administration as one of six sites nationwide for testing unmanned aircraft systems (UAS) and researching the integration of UAS into the national air network. If successful, sites in Southern Maryland and the Lower Eastern Shore are most likely to be designated as the test sites. Maryland's engagement in this national competition is also part of a broader economic strategy to support aerospace and UAS industry leaders in Southern Maryland. The FAA is expected to designate the test sites by the end of 2013.



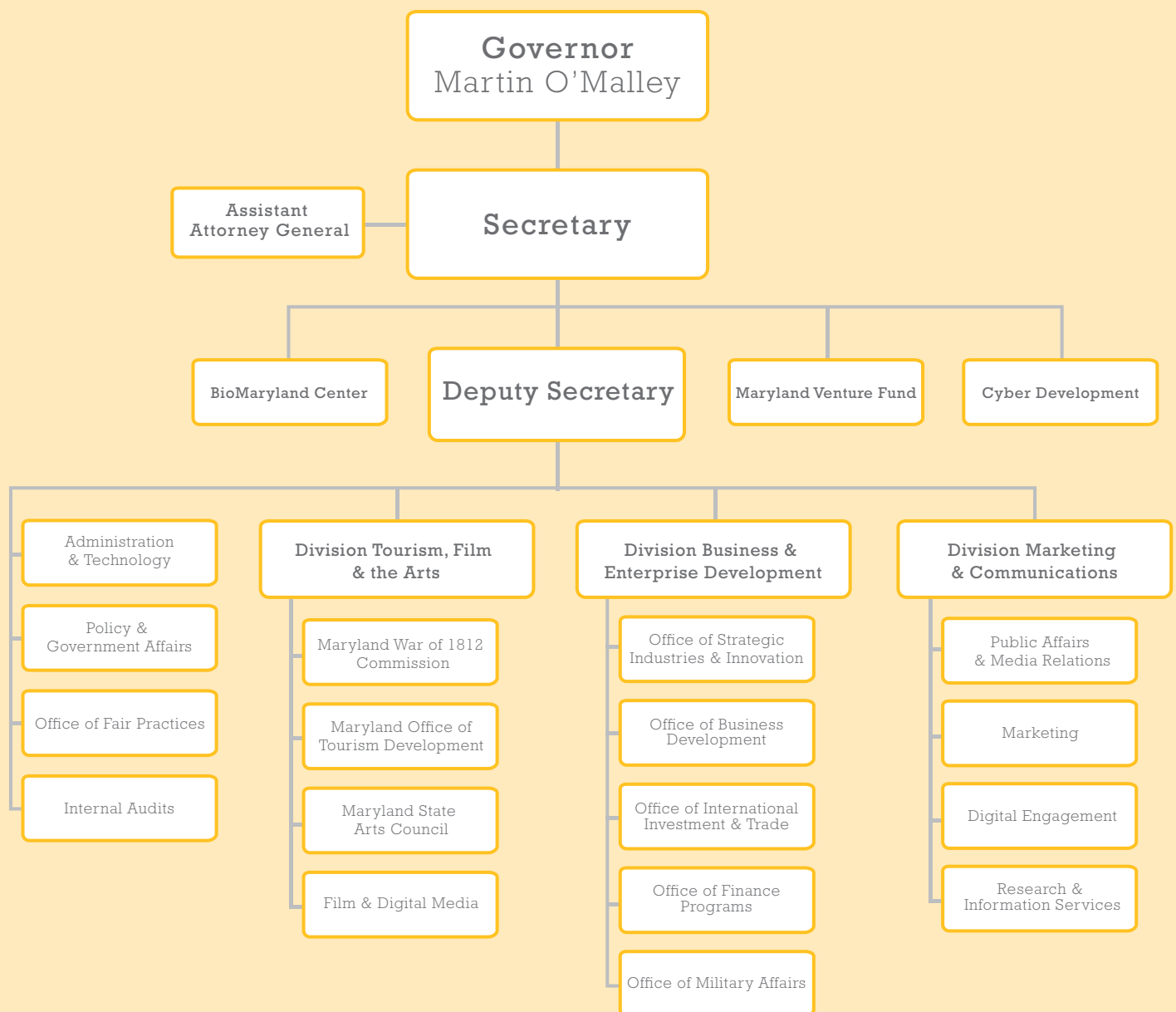
LOWER SHORE SPACE AND UNMANNED SYSTEMS FEASIBILITY STUDY

In mid-2013, DBED completed a strategic plan to support and develop the aerospace industry on Maryland's Lower Eastern Shore. The plan makes 23 recommendations to leverage opportunities in space launches, sounding rockets, unmanned vehicle development and other aerospace activity anchored by NASA Wallops Flight Facility. To develop the industry, DBED is working with key stakeholders, including the Lower Shore Tri-County Council, the Greater Salisbury Committee, county economic development offices, Salisbury University, University of Maryland Eastern Shore and NASA.

Organizational Chart

With 222 full time employees, the Department is organized along four primary business lines: Administration and Technology; Tourism, Film and the Arts; Business and Enterprise Development; and Marketing and Communications. Assistant Attorney General, BioMaryland Center, Maryland Venture Fund and Cyber Development report directly to the Secretary. Further information on each division and employee contact details can be found at www.ChooseMaryland.org.

Maryland Department of Business & Economic Development



The U.S. Navy Blue Angels soared above Baltimore to headline the Star-Spangled Sailabration in June 2012. They will return in September 2014 for Star-Spangled Spectacular, a 10-day free event celebrating Maryland as the birthplace of the National Anthem. www.StarSpangled200.com



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